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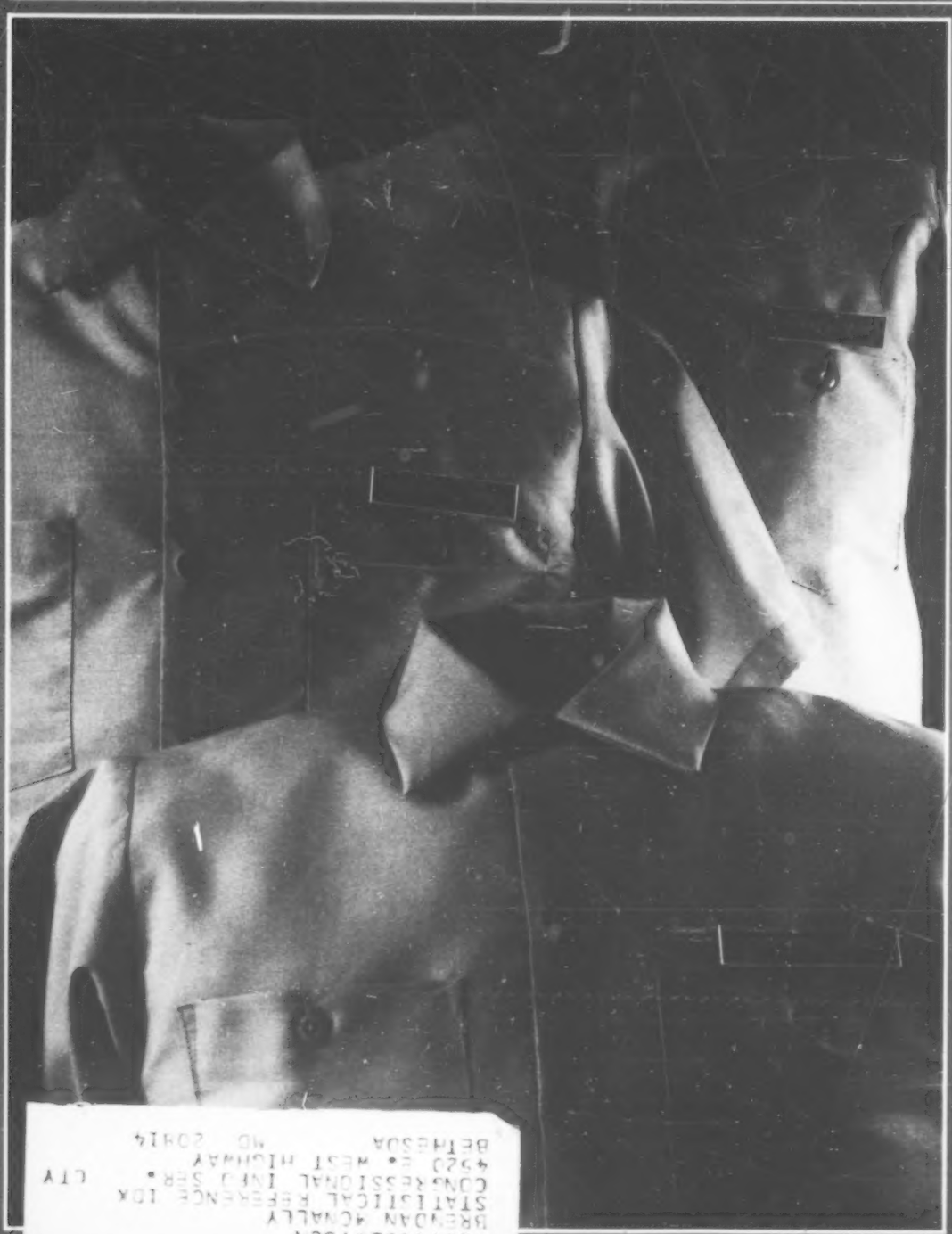
Chilton's

AUTOMOTIVE MARKETING

The Marketing/Business Magazine For The Retail Aftermarket

APRIL 1988



Employment:
A Critical Issue

Management: How To Interview Prospective Employees

How To Staff Your Service Bays

Analyzing The Retail Market For Bolt-On Parts

Racing Profiles

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PUBLISHER'S NOTES

NEW HIRES & FINISH LINES

Just what is going on with the employment issue?

One of *Automotive Marketing's* key topics this year is employees, certainly critical because of fewer people entering the work force, and the legislation proposed to increase minimum wages and extend health care benefits.

This month we focus a great deal of attention on the issue with the beginning of managing editor Gail Krueger-Nicholson's series on employment, as well as a helpful article from our Touche Ross consultants on how best to interview prospects.

Contributing editor David Evans concludes his discourse on whether or not retailers should add the "other" business of automotive service to their product mix, telling how to staff and evaluate the service bays once you've committed to install parts as well as sell them retail.

Contributing editor Ed Kaufman does a splendid job of looking at bolt-on part sales.

Our Car Care Merchandising Guide pages provide specifics on just how, and where, to place merchandise for greater sales.

And, we take a look at fun which pays off: how aftermarket suppliers participate, and profit, in one of the hottest spectator sports going...racing...in our Racing Profile section.

We've given you lots to read. I hope you enjoy, and benefit from, it. ■

Sarah Frankson
Publisher

DETAILING THE MARKET

IN-STORE FOCUS

VIP DISCOUNT AUTO CENTERS INC.
Headquarters: 12 Lexington St., Lewiston, ME 04240 (207) 784-5423
Stores: 15
Total Corp. Sales: $16,000,000 (est.)
Average SKUs: 10,000
Founded: 1978

This chain is ready to grow, and Thomas J. Auger, executive vice president and son of its founder, is proud of his business and its success.

Plans for growth are at the hub of Auger's marketing plan for the next three years. "We want to own northern New England," he said. "We've got a three-year battle plan of action – four new stores are planned for this year, (two had already opened by press time) and six more in 1989. I want to own the area so that if someone comes in, we've got our niche."

Right now, the chain is, as Auger describes it, "really unique – a cross between a Pep Boys and an ADAP. We're 100% DIY. We sell direct to the public at wholesale prices."

Every store in the chain is being remerchandised. In the stores that have already been completed, according to Auger, "I've seen a 25% increase in sales."

The new look features a racetrack. (The old look was old-fashioned – conventional aisles, straight counters running front-to-back). People who come in are directed to the right and then guided around into the main area of the stores. Angled gondolas and some 20 endcaps, featuring seasonal and impulse items, are seen by the customers before they get to the customer service desks.

The heart of the store consists of traffic builders such as oil, filters, and antifreeze/coolant. Big-ticket items include wheels and tires. The stores carry a good-better-best selection of tires, featuring a large selection of truck and RV models, since Maine is a big truck state. The tires are mounted in the tire bays (no other services are offered in the bays); ten of the stores have three bays each. The bays are more than justified – tire sales account for about 25% of the stores' business.

The chain, which is converting to bar codes, has a POS computer order entry system. Items are delivered daily from the firm's 130,000 sq. ft. warehouse. It operates on a cash-and-carry basis, and prides itself on serving the customer quickly and well.

"The only way we can grow right now is to be a household name," Auger said. "We're doing a good job of that, and we're proud of it."

The desire to become a household name is backed by a three-fold strategy: a wide selection of product at competitive prices; strong advertising; and reliable and friendly service at retail.

The product line is designed to meet the needs of the DIY customers who shop the stores. The chain is big on accessories; some 50% of its sales come from accessory items such as chrome, car mats, lighting, and detail items.

But the bulk of its consumer recognition comes from its billing as "Oil City." Currently, the chain is running ads that state, "VIP is Oil City." To back that claim, VIP currently carries "right around ten brands," according to Auger. "We sell a truck load of oil a week," he said. With eight to ten major brands in stock, he said, "we give people what they need."

And according to Auger, "we're definitely competitive. Our hard parts, for instance, are 20-30% cheaper than more traditional outlets."

The ad program is something Auger points to with pride. The firm advertises twice a month with an eight-page newspaper insert that reaches 350,000 people. There is also some radio backup. Auger is a firm believer in co-op advertising. "We work real closely with the manufacturers," he said. "We *use* our co-op money; we spend it all." Last year the firm spent $750,000 on advertising, and, according to Auger, it paid off.

Customer service is the key to the chain's success, Auger said. "The key to our future is our people," he said. "We really work hard at developing them. I learned a long time ago it isn't me who waits on customers; it's my people."

The firm offers "internal incentives" to its employees, but Auger has also worked to train his people by offering in-house training that features films and quizzes. Some of the films are from the APAA STAR series; others are from suppliers. In addition, Auger has even sent his employees to one of the popular "getting along with people" courses – with good results, he feels.

DETAIL

.9%

is the total decline in the number of automotive parts and supplies retailer stores between January 1987 and January 1988, according to the Yellow Page Research Group, Omaha, NE. The actual numbers were 61,454 stores at the beginning of the year and 60,900 at the end.

PROFILE: ALL DIYers

Drawing from the 1988 *Automotive Marketing Consumer Automotive Repair Study*, we look at everyone who does any DIY work, ranging from an engine overhaul to topping off oil.

			Age					Income				Hours Per Month Spent On DIY			
Total	Male	Female	-25	25-34	35-44	45-54	55 +	-$20K	$20-30K	$30-40K	+ 40K	-1 Hrs	1-5 Hrs	6-10 Hrs	11 + Hrs
100.0%	66.2%	33.8%	21.2%	28.4%	18.8%	11.8%	19.1%	24.6%	21.2%	16.8%	20.5%	14.7%	58.6%	16.2%	8.5%

THE AUTOMOTIVE MARKETING INDEX

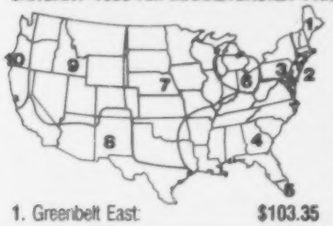
THE 1988 *AUTOMOTIVE MARKETING* MARKETBASKET

To determine the price movement, *Automotive Marketing* created a "marketbasket" of the best prices available for nine popular aftermarket products. We determine the best available price of each item in each marketing area each month to come up with an average marketbasket index.The products include a non-resistor spark plug; an oil filter; a can of 10W30 motor oil; a can of paste wax; an AM/FM/Cassette radio; a gas-charged shock absorber; a gallon of antifreeze/coolant; a pair of windshield wiper refills; and a 40-month-warranty battery. These products are usually on sale somewhere within each marketing area, which we define by their unique geographic, meteorological, and consumer characteristics.

JANUARY 1988 NATIONAL AVERAGE MARKETBASKET PRICES

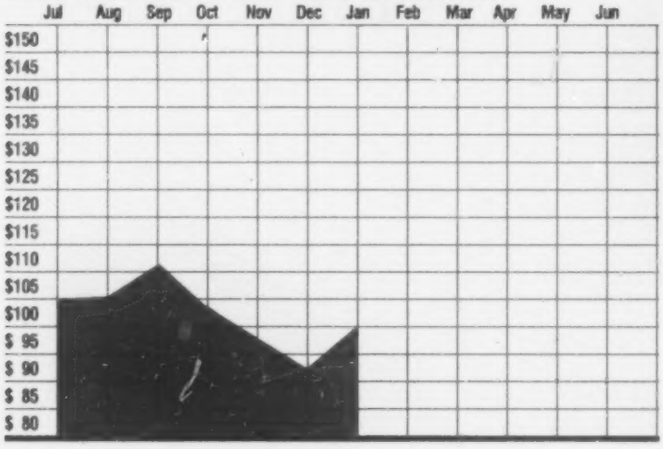
A non-resistor spark plug:	$ .59	A gas-charged shock:	$ 13.29
An oil filter:	2.19	One gallon of antifreeze:	3.71
A can of 10W30 oil:	.74	One pair of wiper refills:	2.91
A can of paste wax:	3.16	A 40-month battery:	30.70
An AM/FM/Cassette:	42.35	Total:	$ 99.64

JANUARY 1988 AM MARKETBASKET PRICES BY MARKETING AREA



1. Greenbelt East:	$103.35	3. Smokestack East:	$108.35
2. Megapolis East:	114.22	4. Old South:	88.16
		5. Caribbean South:	98.88
		6. Smokestack Central:	106.52
		7. Grainbelt Central:	98.88
		8. Spanish West:	99.27
		9. Desert West:	99.90
		10. Greenbelt West:	79.18

NATIONAL AVERAGE MONTHLY 1987/88 AFTERMARKET BASKET PRICES



AFTERMARKET BUSINESS INDICATORS

	Unit/Base	Mo/Yr	Current Period	Prior Period	Year Ago, Same Period	Low (84-88)	High (84-88)
Consumer Price Index	(67 = 100)	Nov	345.8	345.3	330.8	May 61 89.3	Nov 87 345.8
Prime Rate	%	Feb 25	8.5	8.5	7.75	–	–
Personal Income	Billion $	Nov	3,833.7	3,850.6	3,577.5	Jan 61 403.6	Oct 87 3,850.6

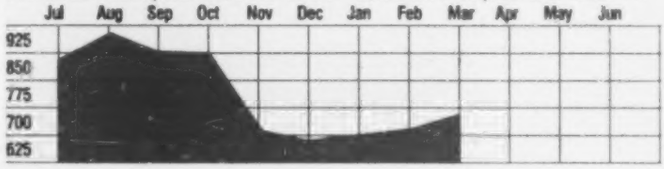
1988 AFTERMARKET STOCK PRICES

The figures below are the high and low prices offered and paid for various aftermarket-related common stocks in various exchanges for the 52 week period prior to March 11.

	Exchange	52-week High	52-week Low	3/11 Quote	P-E Ratio
Armor All	OTC	27 1/4	10 3/4	17	19
AutoSpa	OTC	6 1/2	1/8	2 3/8	–
Champ Parts	OTC	12 3/8	4	7 3/8	24
Champ Spk Plg	NYSE	16 3/8	7 1/8	12 1/8	24
Chevron	NYSE	64 5/8	32	45 5/8	16
Dana Corp.	NYSE	54 1/4	27 1/2	39 7/8	12
Duralon	OTC	14	7 1/2	11 1/2	12
Echlin	NYSE	25 3/8	10 3/4	15 7/8	18
Facet	NYSE	28 1/2	10 1/2	27 3/8	24
Genuine Parts	NYSE	44 3/8	27 1/4	39 7/8	21
Grand Auto	AMEX	24 3/8	7 3/8	15 1/4	–
Modine	OTC	22 3/4	11 3/4	17 3/4	11
Mr. Gasket	OTC	7 3/4	5	6 1/4	313
PACCAR	OTC	78 1/4	43 1/2	70	11
Pyle Hamlin	NYSE	49	24 1/2	37 1/4	18
Pennzoil	NYSE	95	38 1/2	74	107
Pep Boys	NYSE	18 1/8	9 1/2	13 1/8	22
Quaker State	NYSE	31 3/4	12 1/8	22 1/2	–
Rite Aid	NYSE	46 1/4	28 1/2	37	18
Sealed Power	NYSE	39 5/8	21 3/4	34 5/8	16
Stan Mtr Prod	NYSE	23 1/2	11 1/8	15 1/4	12
Superior Ind	AMEX	19 3/8	9	13 1/8	8
TBC Corp.	OTC	13 3/4	3 3/4	13 1/4	12
TRW	NYSE	70	37	50	12
Tenneco	NYSE	62 1/2	36 1/8	42 3/4	–
Trak Auto	OTC	19	7	11 1/8	18
Triad Systems	OTC	14 3/4	7 1/2	11	15
Western Auto	OTC	16 3/4	5 3/4	10 1/4	13
Wilco	NYSE	47 3/8	26 5/8	36 1/4	13
Wynns	NYSE	30 3/8	14 1/2	21 3/8	40

DOW JONES 65 COMPOSITE STOCKS

Dow Jones 65 composite stock and *AM's* 17 aftermarket stock price as of March 11.



AM 17 COMPOSITE AFTERMARKET STOCKS

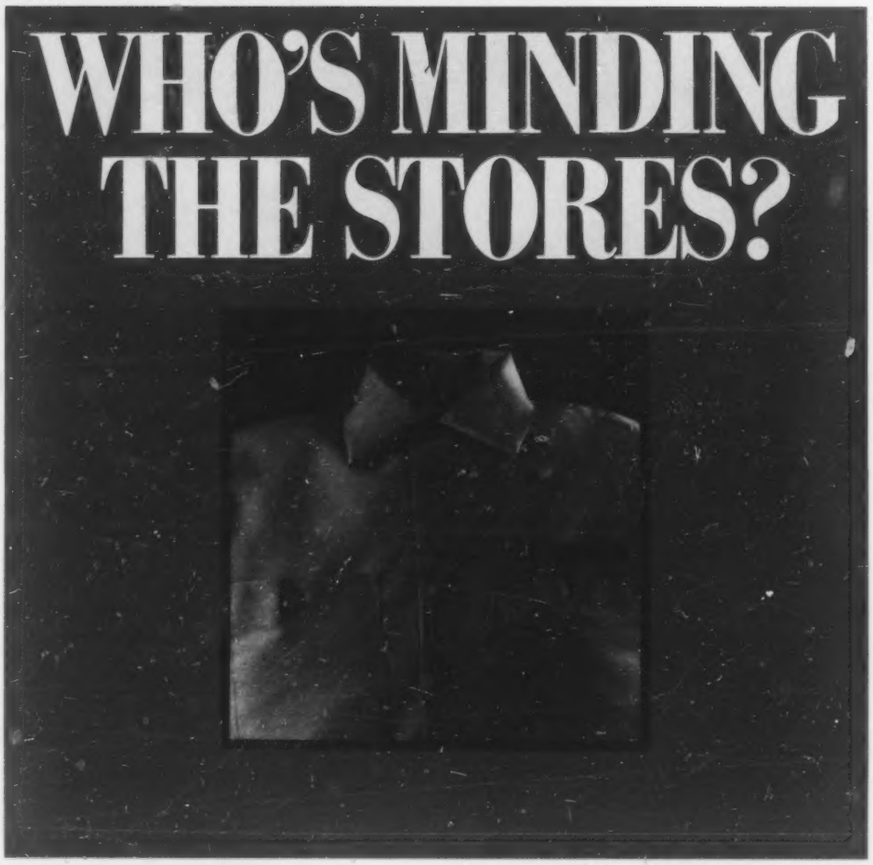
PRODUCT OF THE MONTH: WAX AND POLISH

Drawing from the 1988 *Automotive Marketing Consumer Automotive Repair Study*, we look at the individuals who purchased and installed wax and polish products during a 12-month period.

			Age						Income				Hours Per Month Spent On DIY				Number Of Cars Responsible For		
Total	Male	Female	-25	25-34	35-44	45-54	55+	-$20K	$20-30K	$30-40K	40K+	-1 Hr	1-5 Hrs	6-10 Hrs	11+ Hrs	1	2	3 or More
100.0%	68.3%	31.7%	18.4%	31.9%	23.2%	11.2%	14.8%	24.4%	21.3%	25.9%	22.6%	10.4%	62.5%	18.4%	7.5%	38.9%	41.4%	18.5%

EMPLOYMENT: A CRITICAL ISSUE

WHO'S MINDING THE STORES?



In the face of labor shortages, *Automotive Marketing* wanted to find out who is working in the aftermarket today. And, more importantly, who will work here in the future.

by **Gail Krueger-Nicholson,**
Managing Editor

In 1983, there were about 276,400 people working as sales clerks, stock room helpers, countermen, assistant managers, and other hourly employees in the automotive aftermarket. By January 1987, that number had grown to 309,700. By the end of 1995, about 341,300 (this number-and this number only—includes employees in other hard goods retailers) people will be needed to fill those positions in the aftermarket.

As those numbers from the Automotive Parts & Accessories Association (APAA), Landham, MD, show, the number of hourly employees needed in the aftermarket is growing and continued growth is expected.

Yet each year, help wanted ads go unanswered and entry-level customer contact positions go unfilled. If those positions are filled, it is often the result of "wage wars" as aftermarket retailers try to out-bid fast food chains and other retail specialty stores for the ever dwindling number of entry level workers. And when the positions are filled, they are often filled by unmotivated, undisiplined, unskilled workers—workers retailers would rather not hire if they had a choice. But they no longer seem to have a choice.

The issue of employment in the aftermarket is important today. The issue of employment in the aftermarket will be critical tomorrow.

Who's Minding The Stores?

Just who does work in the aftermarket today? Who fills those 300,000-some-odd hourly positions in 1988?

"Most of them are young people, unsure of what they want to do. They try out several types of jobs to find what they really like, where they fit in," Andrea Hoy, director of personnel for the combined 255-store Nationwise/Guarantee chain said. The Nationwise/Guarantee chain, based in Columbus, OH, employees about 2,500 hourly people, about 500 of them part-time, Hoy said.

"This may be their first job, and they look to gain from the job rather than bring skills to it. They may be experienced with automotive, they may not. It may be that their basic skills are not as good as they used to be," Hoy continued.

Not surprisingly, a survey of *Automotive Marketing's* Retail Panel found that the hourly employees of the aftermarket are primarily young white males with high school educations. Denis Hickether, of

WHO'S MINDING THE STORES:
HOW MANY?

We asked our Retail Panel: "How many sales clerks, stock room helpers, countermen, and assistant managers work in your store?" Most, 45%, had five, six, or seven employees below the store manager/owner level.

Stores With 1 Employee	6%
Stores With 2 Employees	10
Stores With 3 Employees	9
Stores With 4 Employees	8
Stores With 5 Employees	18
Stores With 6 Employees	13
Stores With 7 Employees	14
Stores With 8 Employees	5
Stores With 9 Employees	1
Stores With 10 Or More Employees	16

Source: 1988 *Automotive Marketing* Retail Panel
Percentages may not total to 100% due to rounding and/or multiple answers.

HOW MANY FULL-TIME?

We asked our Retail Panel: "How many sales clerks, stock room helpers, countermen, and assistant managers work in your store full-time?" Some 5% had no full-time employees below the store manager/owner level while 21% had four full-timers.

Stores With 0 Full-Time Employees	5%
Stores With 1 Full-Time Employee	10
Stores With 2 Full-Time Employees	12
Stores With 3 Full-Time Employees	18
Stores With 4 Full-Time Employees	21
Stores With 5 Full-Time Employees	8
Stores With 6 Full-Time Employees	12
Stores With 7 Full-Time Employees	5
Stores With 8 or 9 Full-Time Employees	4
Stores With 10 Or More Full-Time Employees	7

Source: 1988 *Automotive Marketing* Retail Panel
Percentages may not total to 100% due to rounding and/or multiple answers.

Auto Aid, Adams, WI, describes them as "semi-skilled workers."

In general, these hourly employees make between $13,308 and $14,449 annually if they work full-time; or about $3,514 if they work part time, Ann Tanhoff, of APAA's Foundation for Aftermarket Industry Research (FAIR), said. If they work full-time, they put in from 2,087 to 2,598 hours each year; an average of 1,154 if they work part-time.

Most stay at their jobs between one and five years, according to Retail Panel members. About 5.5% of them leave their jobs each year to be replaced by similar

WHO'S MINDING THE STORES:

HOW MANY PART-TIME?

We asked our Retail Panel: "How many sales clerks, stock room helpers, countermen, and assistant managers work in your store part-time?" Some 24% had no part-time employees below the store manager/owner level while 38% had one part-timer.

Stores With 0 Part-Time Employees	24%
Stores With 1 Part-Time Employee	38
Stores With 2 Part-Time Employees	15
Stores With 3 Part-Time Employees	9
Stores With 4 To 9 Part-Time Employees	9
Stores With 10 Or More Part-Time Employees	4

Source: 1988 *Automotive Marketing* Retail Panel
Percentages may not total to 100% due to rounding and/or multiple answers.

HOW MANY MEN?

We asked our Retail Panel: "How many of the sales clerks, stock room helpers, countermen, and assistant managers who work in your store are men?" Only 4% had no male employees below the manager/owner level.

Stores With 0 Male Employees	4%
Stores With 1 Male Employee	14
Stores With 2 Male Employees	9
Stores With 3 Male Employees	12
Stores With 4 Male Employees	15
Stores With 5 Male Employees	15
Stores With 6 Male Employees	13
Stores With 7 To 9 Male Employees	9
Stores With 10 Or More Male Employees	9

Source: 1988 *Automotive Marketing* Retail Panel
Percentages may not total to 100% due to rounding and/or multiple answers.

WHY THEY'RE IN RETAILING

As a store manager, you've probably had difficult days when it seemed like none of your employees cooperated with you, when none of them seemed "in the mood" to do their jobs. You probably ended those days saying, "Why are they working in retailing, anyway?"

William Ress, chairman of the Columbus, OH, personnel consulting firm of C.W. Rees & Associates Inc., has wondered the same thing. His company conducted extensive interviews with former and current retail store sales people to answer three questions:

- Why are they in retailing?
- What do they like about it?
- What don't they like about it?

What he found out may make your job, the job of motivating your sales people to do their best, easier.

For the most part, according to Ress, the sales people interviewed were, "Bright, enthusiastic, personable, sociable, and often well educated – not, for the most part, the types of people I seem to encounter in stores."

These people were attracted to work in retailing for a variety of reasons. First, there were the practical considerations of flexible hours, working close to home, and employee discounts.

Second, there were the "perceived positive personal attractions" of retailing. Almost all the respondents said they chose to work in retailing because they liked to shop, because they liked to meet people, and because they saw stores as pleasant places to spend time.

Third, they also said they believed a selling job would offer a variety of duties and would be creative, and that they liked being in the public eye and "advising" customers about merchandise. They saw themselves as "experts" and expected positive rewards for sharing their expertise.

In other words, they looked forward to a job that was a continuation of personal pleasures and leisure time activities.

So what turns these positive, pleasant people into the grumbling sales staff dreaded by store managers and customers alike? Some of it has to do with the people themselves and some of it has to do with their supervisors, according to Ress.

Besides being bright and enthusiastic, the sales people interviewed were also vague about their work-related aspirations, were not goal oriented, and were often unprepared for any specific career. In other words, they were "easily pleased and easily displeased," Ress said.

"Most of the people we interviewed represented the fumblers of the world. Capable, but unsure of what they wanted, of where they were going. And so, they are easily attracted to any path and equally disillusioned with that path," Ress said. In fact, most of those interviewed said they chose retail sales simply because they "knew they could get the job," Ress said.

And their on-the-job experience turned out to be very different from their expectations. Ress described the sales floor of any store as the place "where the vague but positive meet the directed and realistic" – the store managers. After this clash, the retail sales people told Ress they were disillusioned and, essentially, felt disinterested in their jobs. They gave some basic reasons.

First, they felt that their supervisors adopted an attitude of superiority toward them, looked down on them. They felt their supervisors saw them simply as warm bodies that could easily be replaced by other warm bodies, not as interested and interesting people with special qualities.

(Incidentally, the sales people also said they felt their supervisors often acted in the same high-handed manner toward the customers in the store. Now, how's that for reinforcing positive behavior in your sales staff?)

Second, the sales people said their supervisors' behavior reinforced that superior attitude. Their supervisors were not open to suggestions about merchandise, display, or selling techniques (and remember, the opportunity to be creative was especially important to these people and to why they decided to work in retailing in the first place). And, their supervisors were inconsistent in dealing with sales people from day-to-day and from person-to-person.

Finally, and perhaps most importantly, the supervisors were seen as putting the sales people in a "we vs. them" position by withholding information. Few of the sales people Ress talked to had been offered any on-the-job training in how to deal with customers, none were offered selling technique training, none were offered courses or information on the merchandise they were expected to sell, and few were even offered information about what plans the store had or what merchandise was coming in.

Does that sound like your store?

WHO'S MINDING THE STORES?

workers, according to a FAIR study. Most of the stores where they work employ between five and seven hourly workers, usually just over half of them work there full-time, according to the AM Retail Panel.

(See the charts that accompany this article for details. Also see our story, "Why They're In Retailing" for a closer look at the type of people who work in retail stores.)

In general, the members of the Retail Panel are dissatisfied with their hourly employees. "We have a hard time finding someone who is really interested in the job, not just getting a paycheck," Ray Downing, of Ray's Auto Supply, Seneca, KS, said. Downing's thoughts were repeated over and over again by other Retail Panel members.

Nevertheless, these same employers will bend over backwards to keep someone whom they consider to be a "good" employee on their payrolls. "We give them special caring attention," Louise Horine, of T.R. Saylor & Co., Walkersville, MD, said.

"We try to treat them fairly, give praise when it's deserved, merit increases when possible, and train them to do more so that they can feel more of a part of the system and advance higher in the company," David Elliott, of Chief Auto Parts, Antioch, TN, said.

Some employers are willing to go to extremes to accommodate "good" employees. One nameless Waterbury, CT, retailer claims he "pays top wages, gives benefits – dental, health, glasses – everything, the use of a company motor home for three to five weeks each year, and use of free dealer plates for their new Corvettes."

Why go to such extremes to keep hourly employees, hourly employees who are often unsatisfactory to their employers? Because help – any kind of help – is hard to find.

The Labor Shortage

There is a shortage of entry-level hourly employees and every aftermarket retailer knows it.

The labor shortage can be explained in a few simple, declarative sentences: The population growth rate is leveling off. The U.S. Bureau of Labor Statistics says the population growth for civilians 16-years-old and older will drop from a rate of 1.4% per year in 1986 to about 0.8% in 1995. The same source says the population of Americans between 16 and 24-years of age, the prime age for entry level workers, will drop from 23.5 million in 1986 to about 21 million in 1995. The result is fewer new workers. And, more importantly, those fewer workers will be needed to fill a growing number of jobs – about 130 million jobs in 1995 compared to 110 million jobs in 1986. Between 1986 and the year 2000, about 1,200,000 of those new jobs – an increase of 33% – will be in retailing.

Aftermarket retailers are already feeling the pinch. Fully 71% of *Automotive Marketing's* Retail Panel members said they have trouble hiring hourly employees. "It's a problem that everyone has – this shortage of young people. It is a general retail problem," Hoy, of Nationwise/Guarantee, said.

"The market place for retail employees is tight. It is very difficult to find the quantity of people needed to staff the stores. And it is even more difficult to find those who are interested in staying a year to a year and a half," Dan Garcia, director of personnel for the 212-store Trak Auto chain, said. Trak has about 1,500 hourly employees, Garcia said.

A National Retail Merchants Association (NRMA), New York, report on labor demographics by Dr. Oscar Ornati sums the problem up neatly. "To the retail industry this is a serious problem because of its large proportion of young employees, its high turnover rates and the importance of minimizing labor costs given the intensity of the industry's competition. Forecasts for the future point to larger increases in labor demand from service sectors other than retailing, suggesting that the supply of qualified young workers to the retail industry is expected to decline faster than it has in the past."

"The problem is the demographic trends. People who work in our stores are entry level and are not paid a whole lot. The people available to work in our stores are going to be fewer and fewer. We are already seeing it happen in our market now," Judy Broseker, director of research for APAA, said.

"The labor shortage is due to changes in demographics and it will last. Retail stores are largely staffed with first time employees and there will simply be fewer of them," Alice McCord, senior vice president for reseach with the NRMA, said.

What The Shortage Means To Retailers

The shortage of help represents more than just numbers on some economists' balance sheet. It represents real, in-store hardships for some retailers. It means that cash registers go unmanned, that parts orders go unfilled, that some night and week-end shifts are badly understaffed.

Over 75% of retailers responding to an NRMA survey said that the labor shortage is a serious problem. Another 70%

WHO'S MINDING THE STORES:
HOW MANY WOMEN?

We asked our Retail Panel: "How many of the sales clerks, stock room helpers, countermen, and assistant managers who work in your store are women?" Some 26% had no female employees, 31% had at least one female employee below the store manager/owner level.

Stores With 0 Female Employees	26%
Stores With 1 Female Employee	31
Stores With 2 Female Employees	23
Stores With 3 Female Employees	10
Stores With 4 To 9 Female Employees	5
Stores With 10 Or More Female Employees	4

Source: 1988 *Automotive Marketing* Retail Panel
Percentages may not total to 100% due to rounding and/or multiple answers.

WHO'S MINDING THE STORES:
HOW MANY MINORITIES?

We asked our Retail Panel: "How many of the sales clerks, stock room helpers, countermen, and assistant managers who work in your store are black, hispanic, or some other minority?" The majority of stores did not employ minorities. Of those that did, most were on the West Coast.

Stores With 0 Minority Employees	71%
Stores With 1 Minority Employee	7
Stores With 2 To 9 Minority Employees	10
Stores With 10 Or More Minority Employees	3

Source: 1988 *Automotive Marketing* Retail Panel
Percentages may not total to 100% due to rounding and/or multiple answers.

WHO'S MINDING THE STORES:
HOW LONG DO THEY STAY?

We asked our Retail Panel: "How many of your sales clerks, stock room helpers, countermen, and assistant managers leave you each year?"

Fewer Than 50% Of The Employees Leave After 5 Years	38%
Fewer Than 50% Of The Employees Leave After Being There 1 To 5 Years	38
Fewer Than 50% Of The Employees Leave After Less Than 1 Year	19
More Than 50% Of The Employees Leave After 5 Years	14
More Than 50% Of The Employees Leave After Being There 1 To 5 Years	14
More Than 50% Of The Employees Leave After Less Than 1 Year	3

Source: 1988 *Automotive Marketing* Retail Panel
Percentages may not total to 100% due to rounding and/or multiple answers.

WHO'S MINDING THE STORES?

said it is detrimental to profit. And another 65% of them believed that labor shortages reduced customer satisfaction.

"It's real simple, we are doing less business and charging customers more," the retailer from Waterbury, CT,—the same one who makes a company motor home available to the employees he has—said.

Admittedly, the labor shortage is often a regional problem. Garcia noted that he has more trouble staffing Trak stores in Los Angeles and in the Washington, DC, and Maryland areas than he has in other areas. Another Maryland retailer, Louise Horine of the T.R. Saylor & Co. stores, agrees with him. "There are so many attractive government jobs in our area that people are not so interested in the demands of retailing," Horine said.

In some areas, "rust belt" areas where heavy manufacturing has gone away, retailers have no problem filling jobs. But even there, when workers are laid off from heavy industry the unemployment benefits are so good that they do not apply for retail jobs until benefits run out, according to some aftermarket retailers.

But even when retailers do get answers to their want ads, "Most new employees do not consider auto parts stores as a career. There is low pay and few benefits as compared to other fields," one Granada Hills, CA, retailer said.

But in some areas, retailers are just lucky. "I have no trouble finding people to work for me. There are lots of people looking for jobs. Normal intelligence and respect makes them good employees," Jessie F. Holms of Nine Mile Auto Parts, Pensacola, FL, said.

The Issue Of Money

In many cases, the quantity and quality of employees available to retailers is determined by one factor and one factor only—money.

"I compete with union workers whose union can force employers to pay high wages and bennies for little work," Thomas T. Hamilton, a Western Auto Associate in Ironton, MO, said.

"Good people are hard to keep at the wages a small business can afford to pay. We are struggling, we do as much as we can for them," James Willey, of Waverly Motor Supply, Waverly, IA, said. Willey said he will pay an average of $3.35 per hour in 1988.

More than one half of our Retail Panel members told us they pay established hourly employees between $4.51 and $6.00 an hour. But 40% of them said the average starting wage for hourly help hired in 1988 will be between $3.50 and $4.00 per hour. Another 19% said those employees hired in 1988 will still be making that amount after six months on the job. Yet many of them also said that what they pay is simply not enough to attract the quantity of qualified employees they say they needed to adequately staff their stores. "You get what you pay for," Tom Hendrickson of Champion Auto, Forest Lake, MN, said.

And retailing experts agree with him. "Because the ability to earn has been reduced, the retail industry no longer employs a career-oriented person. There are more part-time people, there are more part-time wages, and there are more part-time attitudes," NRMA's McCord suggests.

But throwing money at the problem is a solution that most retailers simply can not afford. "The ability to pay a wage that attracts qualified people in our area is hard to justify when the amount shops charge are not enough," Michael W. Garr, Appleway Firestone, Courd Alene, ID, said.

"We are unable to generate the margins to pay higher salaries. We would like to increase margins—but to compete with the Richways, K marts, Wal-Marts and others makes that very difficult," Louis Edwards, of Edwards & Sons Western Auto, Pahokee, FL, said.

"It is a never-ending struggle to keep the motivation, payroll, and profit picture on the same landscape," Gene Guttonsen of Gunnars Auto, Longview, WA, added.

Where Will They Come From?

So if there are fewer workers to choose from, and if retailers are unable or unwilling to pay more, where will the aftermarket store employees of the future come from? Most aftermarket retailers feel tomorrow's hourly employees will probably come from the same places they come from today.

"In five years from now, I don't see things as being very much different. People will move from one job to another, and jobs in retailing do offer more than jobs in fast food," Nationwise/Guarantee's Hoy said.

"In five years they will come from the traditional places that you would expect them to come from. You hear a lot about hiring the elderly, but for us the elderly are a small market, we get a few of them, but only a few," Trak's Garcia said.

But that will not be good enough to meet the needs of retailing in the future, NRMA's McCord said. Since the demographics for new hourly employees are not going to change in the foreseeable future, retailers are going to have to take a hard look at where their future employees will come from. In order to meet the staffing needs of the future retailers may have to change they way they recruit, hire, and pay; change the way they train and retain the employees they have; and change the way they do business. We'll look at some of those possibilities next month. ■

WHO'S MINDING THE STORES:
HOW MUCH DO THEY MAKE?

We asked our Retail Panel: "What is the average wage of the sales clerks, stock room helpers, countermen, and assistant managers you now employ?" More than one half pay between $4.51 and $6.00 per hour.

Pay Between $3.50 And $4.00/Hour	9%
Pay Between $4.01 And $4.50/Hour	10
Pay Between $4.51 And $5.00/Hour	19
Pay Between $5.01 And $5.50/Hour	10
Pay Between $5.51 And $6.00/Hour	23
Pay Between $6.01 And $6.50/Hour	3
Pay Between $6.51 And $7.00/Hour	6
Pay Between $7.01 And $9.50/Hour	8
Pay Between $9.51 And $10.00/Hour	5
Pay $10.01/Hour And Up	5

Source: 1988 *Automotive Marketing* Retail Panel
Percentages may not total to 100% due to rounding and/or multiple answers.

WHO'S MINDING THE STORES:
HOW MANY DID THEY HIRE?

We asked our Retail Panel: "How many sales clerks, stock room helpers, countermen, and assistant managers did you hire in 1987?" Some 34% hired one or two people in 1987.

Stores That Hired 0 Employees	35%
Stores That Hired 1 Employee	19
Stores That Hired 2 Employees	15
Stores That Hired 3 Employees	9
Stores That Hired 4, 5, Or 6 Employees	9
Stores That Hired 7, 8, Or 9 Employees	1
Stores That Hired 10 Or More Employees	9*

Source: 1988 *Automotive Marketing* Retail Panel
* In general, these were new store start-up.
Percentages may not total to 100% due to rounding and/or multiple answers.

WHO WILL MIND THE STORES:
IS GOOD HELP HARD TO FIND?

We asked our Retail Panel: "Do you have trouble hiring good, skilled sales clerks, stock room helpers, countermen, and assistant managers to work in your store?" Most said they did.

Yes	71%
No	29

Source: 1988 *Automotive Marketing* Retail Panel

THE INS & OUTS OF BOLT-ON PARTS SALES

Bolt-on parts represent opportunities and problems for aftermarket retailers competing for a share of this huge, fast-changing market.

by **Edward L. Kaufman,**
Contributing Editor

In 1987, total retail sales of replacement parts were in the range of $34 to $35 billion. Remember, that estimate is just for parts; it excludes sales of tires, batteries, accessories, chemicals and automotive services. These bolt-on parts represent opportunities and problems for retailers competing for share of this huge, complex, fast-changing market.

As we define the category, bolt-on parts accounted for better than 40% of total retail sales of replacement parts in 1987, or $14.1 billion in retail sales. The preliminary projection for 1992 is retail sales of more than $18 billion.

Four functional part groups fall into the bolt-on parts category:

- Cooling System Parts

These include belts and hoses, water pumps, thermostats, and, increasingly, complete replacement radiators.

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- Fuel System Parts

These include new and rebuilt carburetors, carburetor kits, fuel pumps, fuel rails, fuel injectors, and other fuel injection system parts.

- Electrical Parts

These include conventional and electronic ignition parts, wire and cable, new and rebuilt alternators and starters.

- Undercar Parts

These include three large sub-groups: brake system parts, exhaust system parts, and steering/suspension/ride control.

Here's a look at the trends for the future in these categories.

Trends For Cooling System Parts

Overall, growth prospects for cooling system items are good, better in fact than for many categories of aftermarket parts. The reason is high underhood heat in late model vehicles. Heat can be a problem because of crowded engine compartments of cars with low profile front ends.

On the other hand, belt and hose manufacturers have met OEM specifications for tolerating higher heat. Therefore, relatively rapid replacement rates may slow down during the 1988-92 period. In addition, DIYers appear to find it difficult to replace serpentine belts and molded heater hose in the tight underhood space of late model cars. This factor is also said to be hurting the sales of water pumps in DIY-oriented retail outlets.

There are no overwhelming technological problems preventing vehicle owners from doing their own replacement of belts, hoses, and water pumps. However, DIY for these items is not as easy as it once was. So, chains have to respond either with clinics, videotapes, or pamphlets showing DIYers how to overcome problems in installing cooling system parts, with tools to make installation easier, or both.

A bright spot for retailers, with or without service bays, is the increasing sales

TRENDS FOR BOLT-ON PARTS BY OUTLET

The trends for bolt-on parts are mixed, with much variation between outlets with service bays and those without.

Product Group	Market Outlook	Trends By Outlets
Cooling System	Good overall growth because of high under the hood temperatures.	Increasing retail sales of radiators; DIY sales of belts, hoses, and water pumps hurt by design changes.
Fuel System	Declining demand for carbs; steady demand for fuel pumps. A new market emerging for fuel injection parts.	Losses by stores without bays; faster growth for dealerships and diagnostic specialists.
Electrical System	Declining demand for regular ignition parts; steady demand for wire, cable, and alternators. Increasing demand for electronic ignitions modules.	Increasing need for diagnostic skills may limit sales by stores without bays. Faster growth for sophisticated installers including dealerships, specialists, and some chains with bays.
Brake System	Growth depends on miles driven per year; outlook good. No change in DIYability.	Continuing place for stores without bays, but faster growth for service merchandisers.
Exhaust System	Slow growth may result from increased use of stainless steel by OEMs. DIYability hurt by use of welded pipes.	Smaller place for stores without bays; faster growth for service merchandisers.
Steering/Suspension & Ride Control	Good picture overall. Growing potential for struts, gas-charged shocks, R&P steering, and CV-joints. Declining potential for conventional shocks.	Faster growth overall for service merchandisers than for stores without bays.

Source: 1988 Estimates & projections of the Lindsey-Kaufman Co.

THE INS & OUTS OF BOLT-ON PARTS SALES

potential for complete, replacement radiators. Chain stores account for less than 5% of radiator sales now but their market share is rising rapidly. One reason for the gain is that DIYers find it a relatively simple task to detach and replace worn-out radiators.

Radiator manufacturers disagree on sales potential by 1992. One leading manufacturer sees the possibility that retail sales of new, complete replacement radiators will approach $400 million; another sees the market remaining below $300 million.

Trends For Fuel System Parts

There will be continuing demand for replacement carburetors and carburetor kits well into the next century. Moreover, as unit sales decline, the prices charged for replacements are likely to rise. To the extent carburetors are still around, they will continue to be in demand by DIYers. On balance, slow growth in unit sales of mechanical fuel pumps will be offset by increasing sales of higher-ticket electronic fuel pumps.

The good news about the fuel pumps is that some vehicle designs call for not one but two fuel pumps. The bad news is that there seems to be a trend toward mounting one of these pumps inside the fuel tank. The tank must be dropped in order to replace this fuel pump. That won't faze some DIYers, but it will discourage others from attempting this repair.

As of 1987, there was a fuel injection system parts market of about $100 million, dominated by dealerships. By 1992, this market will rise to about $250 million. It will be shared by dealerships, tune-up/diagnostic specialists, certified service facilities run by tire and oil companies, and those independent repair shops willing to invest in training and equipment for this service. Will there be a place in this market for chain stores? Unless they are willing to provide tune-up/diagnostic service in their bays or solicit the business of installers, probably not. DIYers will find it tough to work on their fuel injection systems unless they have had extensive training in fuel systems diagnosis. On the other hand, the next five years may see the de-

ESTIMATED RETAIL SALES OF BOLT-ON PARTS

Below is the estimated retail sales of bolt-on parts by product category in *millions* of current dollars. Note the overall growth between 1987 and 1992; the only decline is in U-joints.

Parts Category	1987	1992
Cooling System Parts (Total)	**$1,654**	**$2,054**
Belts & Hoses	645	775
Water Pumps	630	800
Radiators	275	345
Thermostats	104	134
Fuel System Parts (Total)	**$2,120**	**$3,130**
Carbs (New, Rebuilt, Kits)	1,430	2,100
Fuel Pumps	590	780
Fuel Injection System Parts	100	250
Electrical System Parts (Total)	**$3,010**	**$3,850**
Ignition Parts, Wire, Cable	1,630	1,750
Alternators (New & Rebuilt)	1,380	2,100
Undercar Parts (Total)	**$7,410**	**$ 9,030**
Brake System Parts (Friction, Hydraulic, Drums)	2,200	2,550
Exhaust System Parts (Mufflers, Pipes, Catalytic Converters)	2,340	2,540
Shocks	815	845
Struts	255	500
Suspension/Steering	1,245	1,700
U-Joints	220	195
CV-Joints	335	700
Bolt-On Parts Total	**$14,194**	**$18,064**

Source: 1988 Estimates & projections of the Lindsey-Kaufman Co.

WHAT SHOULD SELL?

Can retailers do a better job of selling of other kinds bolt-on parts? Yes! Here are a few ideas:

- Complete Replacement Radiators

Retailers can readily sell this category both over-the-counter to DIYers and via their service bays. Some manufacturers believe that retailers as a group can double their sales of radiators between 1988 and 1992. Two things are required: a commitment to advertising their availability, making DIYers aware that they can do the installation, and a willingness to cover better than 80% of applications through store warehouses or through feeders.

- Other Cooling System Parts

The smartest retailers engage in systems promotion; they remember to ask the antifreeze/coolant customer about belts, hoses, thermostats, and vice versa. Also they provide guidance: tips on how to change these parts in the crowded underhood compartments of the 1980s vehicles.

- Fuel System Parts

Retailers with service bays have to consider whether they are willing to let the business of installing fuel injection parts fall into the hands of dealerships, tune-up shops, tire company service bays, or the oil company service franchisers. Fuel system parts represent one of the fastest growth opportunities in the aftermarket in the 1988-92 period. However, competing for such high-tech business will require a substantial commitment to technician training. If owners of six bay general garages can find the resources to compete in this area, retail chains that operate 40, 60, and 100 service bays ought to be able to offer this service at some of their "flagship" outlets if not at all of them.

- Ignition Parts

The outlook, similar to that of fuel system parts, is for a shift to service outlets with superior diagnostic skills. Retailers with service bays can compete if they are willing to commit resources to this area. For DIY-only chains, building ignition parts/tune-up business will require more effort in producing DIY training materials and renting/loaning of diagnostic tools and equipment. On the last point, prices of hand-held diagnostic computers are likely to come down over the next few years. That will help broaden DIY interest in tackling this task.

- Undercar Parts

Here again, the chief option for DIY-only chains is to emphasize programs for guiding the latest generation of DIYers in installing brake parts, exhaust parts, shocks and struts. In addition to training store personnel on how to instruct/advise DIYers, these retailers should consider making the tools needed for such tasks as strut replacement available to customers. Some chains offer to provide spring compressors; a few offer to use their equipment to compress springs for their customers. In any case, DIY stores have to find ways to assist customers in coping with some demanding tasks.

To achieve really substantial gains in undercar parts sales, retailers will have to enter the service business. Some chains, like Chief Auto, are experimenting with service bay operations at selected outlets. Nationwise recently recently moved into services by acquiring a smaller, service-oriented chain, Guarantee Auto.

What are the other options? Acquisition of—or opening new—service outlets might make sense. For a look at how to do it, see *Automotive Marketing's* February 1988 story, "Is Service For You?" on page 41, the March 1988 story, "How Much Is Enough?" on page 85, and the story in this issue, "Staffing Your Service Bay For Profit."

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velopment of economical, hand-held diagnostic equipment which will be available to DIYers as well as pros.

Trends For Electrical Parts

The big replacement market for alternators will continue, and they will remain a good item for retailers because they are relatively easy to detach and replace.

Conventional ignition parts—even distributor caps—are being phased out of automotive systems. The question for the future is whether DIYers will attempt to do their own diagnosis of electrical system/engine performance problems—and their own replacement of parts like electronic ignition (EI) modules—or will they entrust this work to professionals.

Some DIYers will try do anything even if they lack the know-how to do it right. For example, numerous DIYers have tried to solve performance problems by doing their own replacement of EI modules. It is a relatively easy task to detach and replace these ignition modules; the harder task is to find out whether replacing them will solve the problem. In other words, the late model vehicles put a premium on diagnostic skills and equipment.

Certainly, a percentage of DIYers will gain the skills (and perhaps the equipment) to perform their own tune-ups on computerized vehicles of the late 1980s. On balance, manufacturers of ignition parts see slower growth in retail stores on many types of ignition parts. The gainers will include those service merchandisers and traditional installers willing to make a substantial investment in recruiting and training diagnostic technicians.

The service merchandiser category includes most tune-up specialists (those who intend to survive!), some mass merchandisers, tire company chains, and those oil companies with automotive service franchises at selected stations. The traditional installers include most dealerships and some general repair shops. Dealerships have obvious advantages for competing for tune-up/diagnostic work on computerized vehicles. Independent garages ought not to be ignored. Some, those unwilling to make an investment, will drop out of the business of servicing computerized engine systems. However, the larger, better managed garages are acquiring the know-how to compete for this business. Significantly, garages of this type have credibility with car owners.

For retailers, selling ignition parts for modern vehicles will require more effort in providing guidance and diagnostic equipment to DIYers. This means more and better training material. There may be increasing revenue opportunities in selling, or renting, diagnostic devices.

Trends For Undercar Parts

The brake system remains importantfor retailers, both in over-the counter sales of brake shoes and disc pads and in service bay repairs. DIYers can still—and do—change shoes and pads on late model vehicles. On the service side of the business, there has been a trend toward price point merchandising; for example, $59.95 "brake specials."

In order to reach "magic-number" prices, merchandisers have to narrow the scope of the service offered. For example, a price of $59-69 on a brake special is possible if it applies to only one axle.

One brake parts manufacturer said, "It may not be a bad idea to offer service on one axle. In front wheel drive cars, the front brakes tend to wear out twice as fast as the rear brakes. However, car owners have to be aware of what they are buying. A price of $59.95 may be a good value if it includes resurfacing of drums or rotors. On the other hand, a price of $49.95 may be a bad value if it only includes replacement of shoes or pads."

Retailers' position in the exhaust system parts category is complicated by geography, demographics, business format, and inventory policies. For example, stores without bays in the mid-south and the Southwest—like AutoZone and Checker/Schuck's/Kragen—have lots of DIY customers but less call for exhaust parts because of slow rust-out.

In general, retailers find it burdensome to stock exhaust parts because of the number of parts required to cover 80% or better of applications. In addition, mufflers and pipes take up a lot of storage space. On the other hand, service-oriented chains are active in merchandising exhaust systems service for their bays. Typically, these stores rely on local jobbers for prompt availability of the necessary mufflers and pipes.

For retailers, some of the big questions for the future of exhaust pipes include: How will stainless steel affect replacement rates? And, how much of the business will muffler specialists have? See *Automotive Marketing's* March 1988 (page 18) Market Line story "Exhaust Parts: Stainless Steel, Specialists, And Still Strong DIY" for some of the answers.

Trends For Ride Control

There is better news for retailers on suspension/steering/ride control products. DIYers can still replace shocks and there is a clear trend toward higher value, higher ticket gas-charged shocks. On the other hand, there are problems for DIYers in installing struts; these are difficult—even dangerous—to install without the use of proper spring compressors. Some chains meet this challenge by loaning or renting the necessary tools.

Retailers have growth opportunities in installing a broad range of suspension and steering parts, including ball joints, rack and pinion steering parts, and CV joints, in addition to traditional ride control parts. But, retailers face formidable competition from the muffler shops and tire dealers who are broadening their line of undercar services. What can retailers do about this type of competition? Otasco,

OUTLOOK FOR REMANUFACTURED BOLT-ON PARTS

The outlook for remanufactured bolt-on parts is mixed. For instance, sales of remanufactured water pumps could be hurt, while sales of remanufactured alternators stay strong.

System	Reman Parts	Outlook
Cooling System	Water Pumps	Rebuilders hurt by core losses on aluminum body pumps & by imports of new replacment pumps.
Fuel System	Carbs, TBI Units, Diesel Pumps	Gradually declining market for rebuilt carbs; continuing demand for rebuilt throttle body injection (TBI) units.
Electrical System	Alternators, Starters Solenoids, Distributor Caps, Starter Drives	Continuing sales of rebuilt alternators; declining sales potential for distributor caps.
Brake System	Master Cylinders, Disc Brake Calipers, Lined Shoes	Continuing demand for these rebuilt items.
Exhaust System	Nothing	No foreseeable role for rebuilt mufflers or pipes. Possible role for rebuilt catalytic converters.
Suspension/Steering	Power Steering Units, Rack & Pinion Units, CV-Joints CV-Boot Kits	Continuing role in power steering and R&P; mixed picture for CV-joints because of falling prices.

Source: 1988 Estimates & projections of the Lindsey-Kaufman Co.

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Tulsa, OK, found an answer by establishing a separate chain of stand-alone undercar specialists, Rapid Muffler (recently sold). This strategy gives Otasco three shots at prospects for undercar parts: The Otasco parts counters, their store service bays, and the service bays of Rapid Muffler shops.

Trends For Remanufactured Parts

"Reman" has traditionally been important in such lines as water pumps, carburetors, alternators, starters, solenoids, and distributor caps; brake partssuch as master cylinders, disc brake calipers and brake shoes; power steering units, rack and pinion steering, and CV joints.

There is substantial demand for rebuilt water pumps. But during the 1981-85 period, water pump rebuilders were hit by two problems: a shift in OEM design from cast iron to aluminum pump bodies. That hurt—and continues to hurt—because of higher core losses on aluminum than on cast iron. The other problem had to do with exchange rates: when the dollar was strong it was often less expensive to import new replacement water pumps than to rebuild them domestically. Now, presumably, it will become more economical to do more rebuilding domestically.

Rebuilders are obviously faced with a declining market on carburetors. However, it will be years before demand for rebuilt carburetors totally dries up. In the meantime, declining unit sales will be offset by higher prices. Throttle body injection (TBI), also called single-point injection, represents a transitional type of fuel handling between carburetors and multipoint fuel injection. TBI may be phased out of passenger cars in a few years, but in the meanwhile demand increases.

Rebuilders dominate such electrical parts markets as alternators, starters, and solenoids. Demand for these reman items remains strong. However, rebuilders expect to see less business on distributor caps because of the movement to distributor-less ignition. Of course, the full impact of that design change won't be felt in the aftermarket for a few years.

There is a big role for rebuilders, local as well as national, in supplying such brake parts as master cylinders, brake shoes, and disc brake calipers.

There is no role for rebuilders on conventional exhaust parts such as mufflers and pipes. However, rebuilders manage to find a place in supplying electro-mechanical items which are associated with the exhaust systems. Arrow Automotive, Framingham, MA, for example, includes smog pumps in its line.

Some new markets for rebuilders are in suspension/steering, including such lines as rack and pinion steering and CV joints. Remanufacturers differ in their attitudes about the CV joint market. Arrow Automotive remanufactured CV joints supplied by GKN for its line. However, when prices of reman CV joints fell sharply, Arrow withdrew from this market.

On the other hand, Champion Parts Rebuilders, Chicago, plans to rebuild and market CV drive shafts. Charles Schwartz, president, reasons that complete assemblies are more reliable than replacing individual pieces. Moreover, installing a complete drive shaft is easier than tearing the system down to replace pieces. In fact, replacement of complete CV drive shafts is within the capability of many DIYers. For these reasons, Champion Parts Rebuilders expects to sell CV drive shafts via retailers as well as through the WD/jobber channel.

Retailer Perspectives

From the retailers' point of view, the sales outlook for bolt-on parts varies by region but is generally optimistic.

Near-term prospects for brake system parts are generally good. However, there is some concern that longer lasting semimetallics will mean slower growth for brake friction product sales. Some retailers expect continued growth in DIY brake business, others see this side of the business slowing relative to installation.

On cooling system parts, such as belts and hoses, thermostats and water pumps, retailers see increases of 5% to 10% for the near-term. Changes in the OE positioning of thermostats under the hood have made them more accessible to DIYers. On the other hand, one retailer observed that it is becoming harder to install molded heater hose.

When it comes to conventional ignition parts, retailers believe that there are enough old cars on the road to sustain a growth rate of 2% to 5% for 1988 and about 1-2% per year through 1990. However, sales of tune-up kits and spark plugs are trending downward. The consensus outlook is for declining sales on conventional ignition parts in the 1990s.

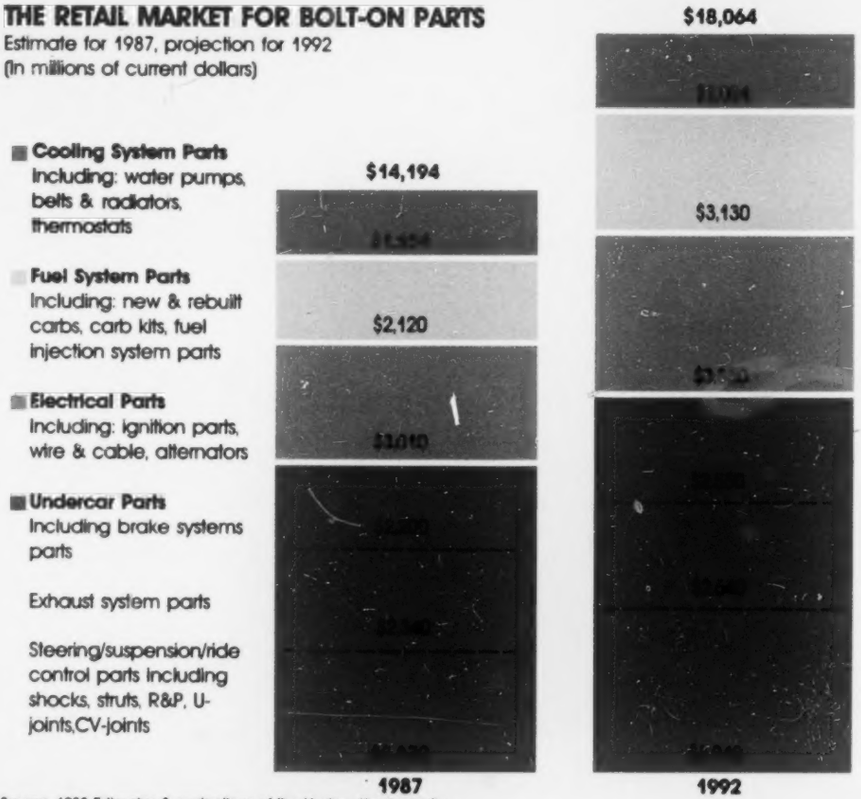
Views on suspension/ride control parts are mixed. Some retailers see declining DIY sales potential. Others expect DIY sales of these categories to continue to increase. In general, retailers see good overall prospects for these parts, meaning faster growth for service specialists than for DIY-oriented chains. Making tools availabel is helpful in retaining DIY business on struts.

Regarding fuel system parts, the big question for the future is whether DIYers will tackle repairs on electronically controlled vehicles of the future; only a minority of retailers are optimistic. Meanwhile, retailers are active in selling replacement carburetors and kits.

But despite geographic differences, there is a general consensus that both near-term and long-term prospects for exhaust system parts are declining. ■

THE RETAIL MARKET FOR BOLT-ON PARTS

Estimate for 1987, projection for 1992
(In millions of current dollars)



Source: 1988 Estimates & projections of the Lindsey-Kaufman Co.